

1-1 By: Hancock S.B. No. 1386
 1-2 (In the Senate - Filed March 7, 2013; March 18, 2013, read
 1-3 first time and referred to Committee on State Affairs;
 1-4 April 17, 2013, reported adversely, with favorable Committee
 1-5 Substitute by the following vote: Yeas 9, Nays 0; April 17, 2013,
 1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 1386 By: Lucio

1-19 A BILL TO BE ENTITLED
 1-20 AN ACT

1-21 relating to the nonforfeiture requirements of certain life
 1-22 insurance policies.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Subchapter A, Chapter 1105, Insurance Code, is
 1-25 amended by adding Section 1105.0015 to read as follows:

1-26 Sec. 1105.0015. DEFINITION. In this chapter, "operative
 1-27 date of the valuation manual" means the date, if any, on which the
 1-28 valuation manual described by Subchapter B, Chapter 425 (Standard
 1-29 Valuation Law), becomes operative as provided by that subchapter.

1-30 SECTION 2. Section 1105.055, Insurance Code, is amended by
 1-31 amending Subsections (h) and (i) and adding Subsections (j), (k),
 1-32 (l), and (m) to read as follows:

1-33 (h) For a policy issued before the operative date of the
 1-34 valuation manual, any [Any] ordinary mortality table adopted after
 1-35 1980 by the National Association of Insurance Commissioners that is
 1-36 approved by rules adopted by the commissioner for use in
 1-37 determining the minimum nonforfeiture standard may be substituted
 1-38 for:

1-39 (1) the Commissioners 1980 Standard Ordinary
 1-40 Mortality Table with or without Ten-Year Select Mortality Factors;
 1-41 or

1-42 (2) the Commissioners 1980 Extended Term Insurance
 1-43 Table.

1-44 (i) For a policy issued before the operative date of the
 1-45 valuation manual, any [Any] industrial mortality table adopted
 1-46 after 1980 by the National Association of Insurance Commissioners
 1-47 that is approved by rules adopted by the commissioner for use in
 1-48 determining the minimum nonforfeiture standard may be substituted
 1-49 for:

1-50 (1) the Commissioners 1961 Standard Industrial
 1-51 Mortality Table; or

1-52 (2) the Commissioners 1961 Industrial Extended Term
 1-53 Insurance Table.

1-54 (j) Except as provided by Subsection (k), for a policy
 1-55 described by Subsection (h) issued on or after the operative date of
 1-56 the valuation manual, the valuation manual must provide the
 1-57 commissioners' standard ordinary mortality table for use in
 1-58 determining the minimum nonforfeiture standard that may be
 1-59 substituted for:

1-60 (1) the Commissioners 1980 Standard Ordinary

2-1 Mortality Table with or without Ten-Year Select Mortality Factors;
2-2 or
2-3 (2) the Commissioners 1980 Extended Term Insurance
2-4 Table.

2-5 (k) If the commissioner by rule adopts a commissioners'
2-6 standard ordinary mortality table adopted by the National
2-7 Association of Insurance Commissioners for use in determining the
2-8 minimum nonforfeiture standard for policies issued on or after the
2-9 operative date of the valuation manual, the minimum nonforfeiture
2-10 standard determined in accordance with that table supersedes the
2-11 standard provided by the valuation manual.

2-12 (l) Except as provided by Subsection (m), for a policy
2-13 described by Subsection (i) issued on or after the operative date of
2-14 the valuation manual, the valuation manual must include the
2-15 commissioners' standard industrial mortality table for use in
2-16 determining the minimum nonforfeiture standard that may be
2-17 substituted for:

2-18 (1) the 1961 Standard Industrial Mortality Table; or
2-19 (2) the Commissioners 1961 Industrial Extended Term
2-20 Insurance Table.

2-21 (m) If the commissioner by rule adopts a commissioners'
2-22 standard industrial mortality table adopted by the National
2-23 Association of Insurance Commissioners for use in determining the
2-24 minimum nonforfeiture standard for policies issued on or after the
2-25 operative date of the valuation manual, the minimum nonforfeiture
2-26 standard determined in accordance with that table supersedes the
2-27 standard provided by the valuation manual.

2-28 SECTION 3. Section 1105.056, Insurance Code, is amended to
2-29 read as follows:

2-30 Sec. 1105.056. NONFORFEITURE INTEREST RATE. (a) For a
2-31 policy issued before the operative date of the valuation manual,
2-32 the [The] annual nonforfeiture interest rate for a policy issued in
2-33 a particular calendar year is equal to 125 percent of the calendar
2-34 year statutory valuation interest rate for that policy as defined
2-35 by Subchapter B, Chapter 425, rounded to the nearest one-fourth of
2-36 one percent, except that the rate may not be less than four percent.

2-37 (b) For a policy issued on or after the operative date of the
2-38 valuation manual, the annual nonforfeiture interest rate for any
2-39 policy issued in a particular calendar year is provided by the
2-40 valuation manual.

2-41 SECTION 4. The commissioner of insurance may not implement
2-42 this Act before the operative date of the valuation manual
2-43 described by Section 1105.0015, Insurance Code, as added by this
2-44 Act.

2-45 SECTION 5. This Act takes effect only if an Act of the 83rd
2-46 Legislature, Regular Session, 2013, that amends Chapter 425,
2-47 Insurance Code, to authorize the commissioner of insurance to adopt
2-48 a standard valuation manual and provide an operative date for that
2-49 manual is enacted and becomes law. If an Act of the 83rd
2-50 Legislature, Regular Session, 2013, amending Chapter 425,
2-51 Insurance Code, to authorize the commissioner of insurance to adopt
2-52 a standard valuation manual and provide an operative date for that
2-53 manual does not become law, this Act has no effect.

2-54 SECTION 6. This Act takes effect January 1, 2014.

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